

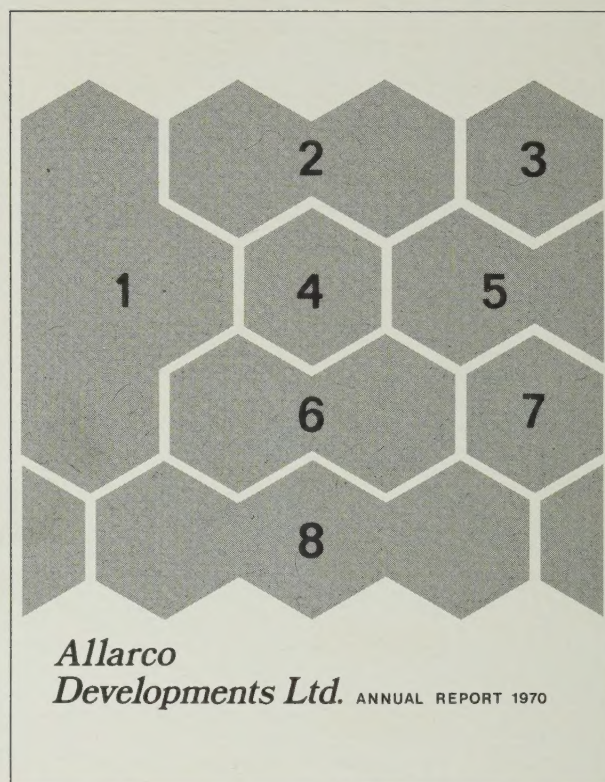
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Sub

Allarco Developments Ltd.

ANNUAL REPORT 1970



COVER STORY:

- (1) *Hotel Division:*
Chateau Lacombe — Edmonton
- (2) *Restaurant Division:*
LaRonde Restaurant — Edmonton
- (3) *Automotive Division:*
Crosstown Motors — Edmonton
- (4) *Subsidiary Company:*
North West Trust Company
- (5) *Income Producing Properties:*
Oliver Place — Edmonton
- (6) *Affiliated Company:*
Southern Petrochemical Corporation —
Houston, Texas
- (7) *Land for Development:*
St. Albert, Alberta
- (8) *Subsidiary Company:*
International Jet Air Ltd. — Calgary

Directors and Officers

Charles A. Allard, M.D., F.R.C.S. (c),
Chairman of the Board and President

Zane Feldman —
Vice President, Finance, Automotive


Frederick Newton Hughes —
Partner, Richardson Securities of Canada

George Alexander Cameron Steer, Q.C. —
Partner, Milner and Steer

Morris Klimove — Vice President, Restaurants

Cameron Allard — Secretary

*Allarco
Developments Ltd.*



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ALLARCO DEVELOPMENTS LTD.

Executive Offices: 618 Northgate Building,
10049 - Jasper Avenue. Edmonton, Alberta.

Divisions

Real Estate

- i Income Producing Properties
- ii Land for Development

Automotive

- i Crosstown Motor City
- ii Devonian Motors
- iii Edmonton Car Rentals
- iv Edmonton Rent-A-Car
- v Medicar Diagnostic Clinic
- vi Chateau Mansion Mobile Home Sales

Restaurants and Hotels

- i The Chateau Lacombe
- ii The Peter Pond Hotel
- iii The Edmonton Beachcomber
- iv The Calgary Beachcomber
- v The Victoria Beachcomber
- vi The Steak Loft and Old Bailey
- vii "Oliver's" Restaurant

Printing

- i Metropolitan Printing Company

Insurance

- i Columbia Insurance Services

Farm Division

Subsidiary Companies

International Jet-Air Ltd.
Liftair International Ltd.
Abe's Auto Parts Ltd.
North West Trust Company
Radio Station CHQT Ltd.
Great Northern Airways (1970) Ltd.

Affiliated Companies

Redden Construction Ltd.
Citation Construction Ltd.
Fort George Hotel Ltd.
Blunt's Nursing Homes (1965) Ltd.
Clarendon Construction Ltd.
Matrix Exploration Ltd.
Pine Point Investments Ltd.
Pine Point Shopping Centre Ltd.
Southern Petrochemical Corp.

Joint Ventures and Partnerships

Park Royal Towers — Vancouver, B.C.
Hamilton — Ancaster, Ontario

Trustees for Debentures

Montreal Trust Company

Registrars and Transfer Agents

North West Trust Company
Montreal Trust Company

Stock Exchange Listing

Toronto Stock Exchange

Auditors

Alexander Kennedy Miller & Company,
Edmonton, Alberta



C. A. ALLARD, MD., F.R.C.S.(C)

PRESIDENT'S REPORT

This is the second annual report of Allarco Developments Ltd., as a public company. I am happy to report generally gratifying results which were accomplished in spite of the generally depressed business climate.

Net earnings in 1970 have increased 75% to \$947,710 from \$538,830 in 1969. This amounts to 73¢ per share compared to 47¢ per share, which is an increase of 55%. Percentage increase per share is lower than the net earnings because of the increased number of shares outstanding during the year. The net cash flow per share increased from \$1.61 to \$2.15, an increase of 34%.

Our Automotive Division showed an increase in sales volume. Profits for the year declined as compared with the previous year due to the generally shrinking profit margins which became general in that industry. However, as a result of trimming our costs and overhead this division has accomplished a very creditable performance in an extremely difficult year. Because of its exceptional efforts this division is now in an excellent position to earn good profits as soon as the automotive demand returns to former levels. Crosstown Motors, which is the main part of our automotive division remains the largest Dodge-Chrysler distributor in Canada. Our other car dealerships sell other makes including Rambler, Jeep, Fiat and Volvo. We have a fully integrated operation of lease autos, driving school and medicar facilities. Our automotive division is developing its sales of trucks, trailers and mobile homes and will be in a good position to capitalize on expansion in the next year or two of growing demand.

The Real Estate Division showed substantial increases in both revenues and profits. In the last quarter of 1969 we optioned 803 acres in the St. Albert area, northwest of Edmonton. Not too long ago it was announced that the new Athabasca University will be located near St. Albert and on land immediately adjacent to our acreage in this area. Since then we have exercised our option which nearly doubles the amount of land held by your company in the Edmonton area for future development. With the other acquisitions of land, and in spite of substantial sales, we have increased our land inventory which will be apparent from the balance sheet. The development of the land held by us in the County of Ancaster, Ontario should be started in the near future.

A study is being completed of the land and beach property held by us at Puerto Vallarta, Mexico. This should be eminently suitable for an important hotel development and both cottage and condominium development surrounding the hotel.

We have completed two major commercial and apartment complexes, one in Vancouver and one in Winnipeg. The Vancouver complex was sold upon completion while the Winnipeg project is being retained. We anticipate that the emphasis on land development and construction of revenue-producing properties will continue as one of our main activities.

The Hotel and Restaurant Division enjoyed a good year and has increased its sales substantially. We have a major restaurant under construction in Winnipeg and are proposing to start another in Vancouver. Operations of this division have been very rewarding and expansion of this division will be aggressively pursued.

The Aviation Division occupied much of your management's time during the past year. We attended hearings before the Air Transport Committee in connection with our license application. These gave us license to serve the oil industry north, both in the Northwest Territories and the Arctic Islands. Through the acquisition of assets and licenses from the former Great Northern Airways Ltd., International Jet Air Ltd. will shortly become a 100% owned subsidiary to commence a much more comprehensive service, both on permanent scheduled routes and through the operation of international charters, using a number of Lockheed Electra aircraft, owned by this company. This division enjoyed a good growth in sales last year and is expected to make a useful contribution to earnings this year.

We have recently purchased a 49% interest in a young American company, Southern Petrochemical Corporation, which is engaged in the manufacture of polystyrene in Houston, Texas. At the time of the acquisition it was apparent that this company would require extensive re-organization which is now taking place. Your directors expect a significant contribution to Allarco's earnings in due course, through this company.

PRESIDENT'S REPORT (Con't.)

North West Trust Company, a subsidiary, made noticeable progress during 1970. The new Head Office was established on Jasper Avenue, Edmonton. Further consolidation of staff and accounting has been effected after the takeover of Alberta Fidelity Trust Company. The company ended the year with a profit of \$243,000 and even better results are anticipated for the coming year. The accounts of North West Trust Company are not consolidated with Allarco in these financial reports.

We are continuing our policy of streamlining our operations and contemplate the sale of some of the assets where Allarco is a minority shareholder or where the properties or businesses are in outlying districts where management is both more difficult and more onerous than in the larger urban centres where we primarily operate. It is expected that profits will be realized on these disposals and savings in overhead will result.

I feel that I should point out to our shareholders that our balance sheet is based entirely on the historical cost of our assets and the figures do not give effect to any appreciation of the value of those assets as against book value. Our land inventory alone, on appraised value is some \$4,700,000 higher than the book value. Even larger differences would be shown if our developed real estate and businesses were appraised.

Needless to say, we are pleased with the results achieved and expect 1971 results to equal or better 1970.

I would like to express my thanks, on your behalf, to the directors, officers and employees of Allarco Developments Ltd., and its subsidiaries and affiliates, without whom no sustained progress would have been possible.



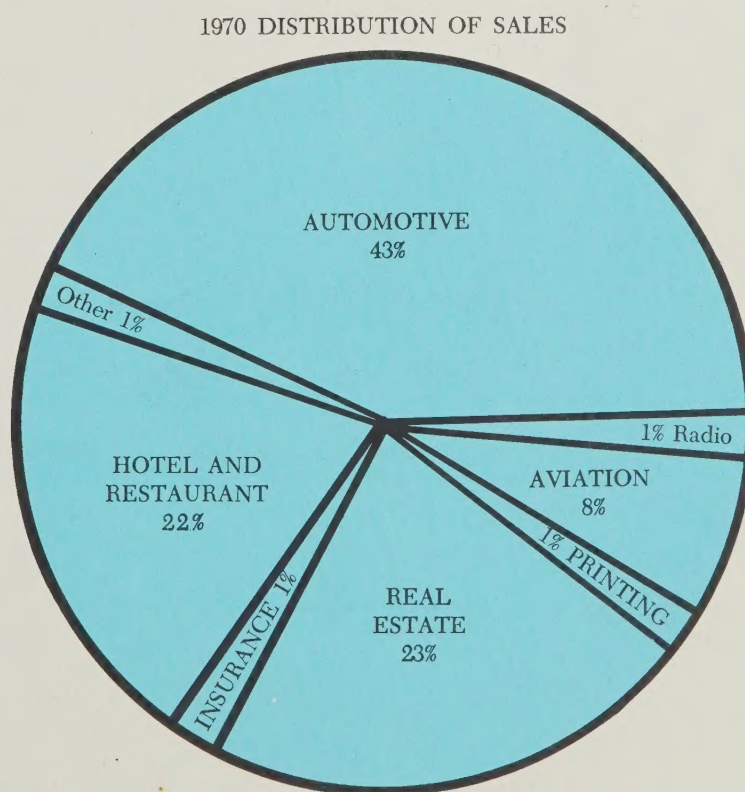
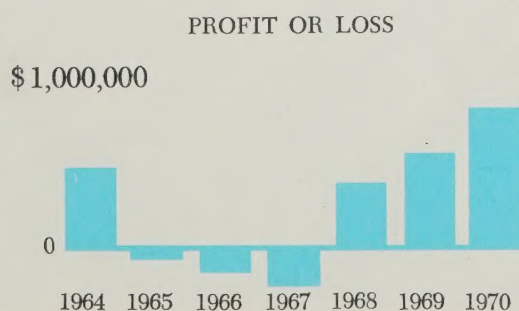
Charles A. Allard,
President.

March, 1971.

ALLARCO DEVELOPMENTS LTD.
And Its Subsidiaries

COMPARATIVE HIGHLIGHTS

	1970	1969	Percentage Increase
FOR THE YEAR:			
Gross Sales	\$38,191,705	28,910,530	32%
Net Profit	947,710	538,830	75%
Depreciation	1,256,433	829,373	51%
Provision for income taxes	616,335	457,130	35%
Earnings per share . . . . .	.73	.47	55%
Cash flow per share	2.15	1.61	34%
Average shares outstanding	1,294,760	1,146,282	13%
AT THE YEAR END:			
Total assets	\$62,481,578	\$54,183,992	15%
Shareholders' Equity	7,018,798	5,937,532	18%
Number of common shares outstanding	1,319,788	1,293,077	3%



ALLARCO DEVELOPMENTS LTD.
And Its Subsidiaries

CONSOLIDATED BALANCE SHEET

October 31, 1970

	<u>1970</u>	<u>1969</u>
ASSETS:		
Cash	\$ 291,059	562,451
Accounts receivable	3,856,193	1,955,028
Inventories and prepaid expenses — at cost — (Note 2)	5,659,053	5,507,697
Loans and agreements receivable — (Note 3)	634,680	959,638
Land for development — at cost — (Note 4)	4,646,355	4,011,868
Natural resources — at cost	308,176	172,159
Investments — at cost — (Note 5)	4,208,735	2,122,057
Fixed assets — at cost less accumulated depreciation \$3,408,255 (1969 \$2,578,281) — (Note 6)	42,055,153	38,124,750
Deferred expenses and excess of cost of investments in subsidiaries over book value of net assets — (Note 7)	822,174	768,344

Approved on behalf of the Board:

Charles A. Alessi Director

Jane Feldman Director

\$62,481,578

54,183,992

	<u>1970</u>	<u>1969</u>
LIABILITIES:		
Bank advances — (Note 8)	\$ 1,561,449	676,603
Accounts payable and accrued expenses	8,236,086	6,562,694
7% Convertible Sinking Fund		
Debentures — (Note 9)	5,000,000	5,000,000
Mortgages and agreements payable —		
secured — (Note 10)	34,760,895	31,443,913
Notes and debentures payable —		
secured — (Note 11)	3,303,282	2,846,119
Due to affiliated company on		
construction contracts	416,162	1,037,056
	<u>53,277,874</u>	<u>47,566,385</u>
Minority shareholders' interest	(27,359)	6,534
Deferred income taxes	1,277,018	673,541
Deferred revenue — (Note 12)	935,247	—
	<u>2,184,906</u>	<u>680,075</u>
SHAREHOLDERS' EQUITY:		
Capital Stock — (Note 13)		
Issued and fully paid	3,653,758	3,520,202
Retained Earnings	3,365,040	2,417,330
	<u>7,018,798</u>	<u>5,937,532</u>
	<u>\$62,481,578</u>	<u>54,183,992</u>

ALLARCO DEVELOPMENTS LTD.
And Its Subsidiaries

CONSOLIDATED STATEMENT OF OPERATIONS

For the year ended October 31, 1970

	<u>Automotive</u>	<u>Hotel and Restaurant</u>
Income	\$16,330,180	7,943,234
Cost of Sales, Operating Expenses and Interest	<u>15,942,005</u>	<u>7,143,133</u>
Net Divisional Profit	<u>\$ 388,175</u>	<u>800,101</u>
Head Office Expense		
Debenture Interest		
Net Profit before the Undernoted Expenses		
Provision for Depreciation		
Provision for Income Taxes		
Minority Shareholders' Interest		
Net Profit for the Year		
Earnings per average share outstanding		
Cash flow per average share outstanding		

<u>Real Estate</u>	<u>Aviation</u>	<u>Other</u>	<u>1970 Total</u>	<u>1969 Total</u>	<u>1968 Total</u>
8,841,018	3,136,098	1,941,175	38,191,705	28,910,530	25,174,979
<u>7,595,873</u>	<u>2,611,152</u>	<u>1,490,360</u>	<u>34,782,523</u>	<u>26,738,532</u>	<u>23,492,544</u>
<u>1,245,145</u>	<u>524,946</u>	<u>450,815</u>	<u>3,409,182</u>	<u>2,171,998</u>	<u>1,682,435</u>
. . . . .	. . . . .	. . . . .	<u>278,723</u>	<u>187,230</u>	<u>192,245</u>
. . . . .	. . . . .	. . . . .	<u>350,000</u>	<u>141,994</u>	<u>—</u>
			<u>628,723</u>	<u>329,224</u>	<u>192,245</u>
. . . . .	. . . . .	. . . . .	<u>2,780,459</u>	<u>1,842,774</u>	<u>1,490,190</u>
. . . . .	. . . . .	. . . . .	1,256,433	829,373	714,516
. . . . .	. . . . .	. . . . .	616,335	457,130	345,365
. . . . .	. . . . .	. . . . .	( 40,019)	<u>17,441</u>	<u>31,643</u>
			<u>1,832,749</u>	<u>1,303,944</u>	<u>1,091,524</u>
. . . . .	. . . . .	. . . . .	<u>\$ 947,710</u>	<u>538,830</u>	<u>398,666</u>
. . . . .	. . . . .	. . . . .	\$ .73	.47	.40
. . . . .	. . . . .	. . . . .	\$ 2.15	1.61	1.49

ALLARCO DEVELOPMENTS LTD.
And Its Subsidiaries

CONSOLIDATED STATEMENT OF SOURCE
AND APPLICATION OF FUNDS

For the year ended October 31, 1970

	1970	1969
SOURCE OF FUNDS:		
Net profit for the year	\$ 947,710	538,830
Add items not requiring a cash outlay:		
Depreciation	1,256,433	829,373
Deferred income taxes	603,477	457,130
Minority shareholders' interest	(33,893)	17,441
	<u>2,773,727</u>	<u>1,842,774</u>
Collection of loans and agreements receivable	84,085	107,980
Issue of 7% Convertible Sinking Fund Debentures	—	5,000,000
Issue of common shares	133,556	3,520,000
Increase in mortgages, agreements, notes and debentures payable	3,774,145	1,462,436
Deferred revenue	935,247	—
Other	—	33,043
	<u>7,700,760</u>	<u>11,966,233</u>
APPLICATION OF FUNDS:		
Land acquired for development	634,487	521,992
Investment in natural resources	136,017	43,059
Increase in investments	2,086,678	1,007,111
Increase in fixed assets — net	5,186,836	5,154,586
Deferral of expenses	53,830	517,879
Organization costs written off	—	514,373
	<u>8,097,848</u>	<u>7,759,000</u>
INCREASE (DECREASE) IN FUNDS	\$ (397,088)	4,207,233
REPRESENTED BY:		
Increase (decrease) in cash	\$ (271,392)	283,836
Increase in accounts receivable	1,901,165	272,395
Increase in inventories	151,356	1,543,530
Increase (decrease) in loans and agreements receivable	(240,873)	457,693
Decrease (increase) in bank advances	(884,846)	1,644,238
Increase in accounts payable and accrued expenses	(1,673,392)	(983,774)
Decrease (increase) in advances from affiliated company on construction contracts	620,894	(262,233)
Decrease in advances from unconsolidated subsidiary	—	1,251,548
	<u>\$ (397,088)</u>	<u>4,207,233</u>

CONSOLIDATED STATEMENT OF RETAINED EARNINGS

For the year ended October 31, 1970

	<u>1970</u>	<u>1969</u>
Balance at Beginning of the Year	\$ 2,417,330	2,309,960
ADD:		
Retained earnings attributable to previously unconsolidated affiliated companies	—	82,913
Net profit for the year	947,710	538,830
	<u>3,365,040</u>	<u>2,931,703</u>
LESS:		
Organization costs written off	—	514,373
Balance at End of the Year	<u>\$ 3,365,040</u>	<u>2,417,330</u>

ALEXANDER KENNEDY MILLER & Co. CHARTERED ACCOUNTANTS

CALGARY - EDMONTON - MONTREAL - TORONTO - VANCOUVER - WINNIPEG

To the Shareholders of
Allarco Developments Ltd. and Its Subsidiaries,
Edmonton, Alberta.

AUDITORS' REPORT

We have examined the consolidated balance sheet of Allarco Developments Ltd. and its subsidiaries as at October 31, 1970 and the consolidated statements of operations, retained earnings, and source and application of funds for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these consolidated financial statements present fairly the financial position of the companies as at October 31, 1970 and the results of their operations and the source and application of their funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Alexander Kennedy Miller & Co.

Chartered Accountants

Edmonton, Alberta,
January 30, 1971.

NOTES TO THE FINANCIAL STATEMENTS

October 31, 1970

1. Consolidation :

The accounts of all subsidiary companies, with one exception, have been included in the consolidated financial statements. This one exception is North West Trust Company in which Allarco owned 93% of the common shares (voting) at October 31, 1970, (63.8% at October 31, 1969) and 14.4% of the First Preferred Participating shares (non-voting) at October 31, 1970, (14.4% at October 31, 1969) which entitles Allarco to 57.5% of the income (23.8%, 1969). The accounts of this company have not been consolidated because by the nature of its business such a consolidation would be misleading.

Affiliated companies in which Allarco owns 50% or less have not been consolidated and only the cost of these investments is included.

2. Inventories and prepaid expenses relate to:

	1970	1969
Automotive Division	\$ 4,697,280	4,575,504
Hotel and Restaurant Division	215,503	225,367
Revenue Producing Properties	338,632	358,292
Aviation Division	301,127	272,881
Other	106,511	75,653
	<u>\$ 5,659,053</u>	<u>5,507,697</u>

3. Loans and Agreements Receivable include:

	1970	1969
Amounts due within one year	\$ 251,361	492,234
Amounts receivable to 1984	383,319	467,404
	<u>\$ 634,680</u>	<u>959,638</u>

4. Land for Development:

Land is stated at cost plus carrying charges which include interest and real estate taxes pertaining to the specific property.

	1970	1969
Opening Balance	\$ 4,011,868	3,489,876
Acquisitions \$ 553,256		
Carrying costs and improvements	<u>313,763</u>	<u>1,980,938</u>
	867,019	1,980,938
	4,878,887	5,470,814
Less land sold or transferred	232,532	1,458,946
Closing Balance	<u>\$ 4,646,355</u>	<u>4,011,868</u>

Land for development with a cost of \$3,378,862 has been appraised at \$8,139,959 by Arthur Jellis, M.A.I., A.A.C.I., in his report dated October 29, 1970. The balance of the land with a cost of \$1,267,493 has not been appraised as it consists principally of property acquired during the current year. The total of the appraised land value and the unappraised land at cost is \$9,407,452 resulting in an appraisal surplus of \$4,761,097 which is not reflected in these financial statements.

5. Investments at Cost include:

	<u>1970</u>		<u>1969</u>	
	<u>Shares</u>	<u>Advances</u>	<u>Shares</u>	<u>Advances</u>
Unconsolidated subsidiary (Note 1)	\$ 1,707,372	—	704,297	—
Affiliated companies	165,847	397,622	27,409	95,603
Syndicates	—	1,742,858	—	1,099,713
Other	195,036	—	195,035	—
	<u>\$ 2,068,255</u>	<u>2,140,480</u>	<u>926,741</u>	<u>1,195,316</u>

The book value of Allarco's interest in unconsolidated subsidiary and affiliated companies was \$2,315,243 while dividends declared during the year and included in income amounted to \$74,800.

6. Land, Property Plant and Equipment at Cost less accumulated depreciation by division is:

	<u>1970</u>	<u>1969</u>
Automotive	\$ 3,557,668	3,682,793
Hotel and Restaurants	8,088,156	8,375,423
Real Estate	23,977,179	22,905,224
Aviation (including aircraft)	5,053,948	2,014,998
Other	1,378,202	1,146,312
	<u>\$42,055,153</u>	<u>\$38,124,750</u>

Long term leases:

Four buildings with a total cost of \$15,178,162 are located on land held under long term leases, all of which have an unexpired term of at least 74 years. The lease obligations on these properties for each of the next five years are \$175,004 per year.

7. Deferred expenses and other assets include:

	<u>1970</u>	<u>1969</u>
Preopening expenses	\$ 161,862	216,852
Goodwill on acquisition of subsidiaries	454,304	499,041
Development costs and deferred finance charges	206,008	52,451
	<u>\$ 822,174</u>	<u>768,344</u>

It is company policy to write off the preopening expenses equally over the first five years of full operation of the new business.

The goodwill figure arises principally from the acquisition of Radio Station CHQT Ltd. and Devonian Leaseholds Ltd. (Edmonton Steak Loft and Edmonton Beachcomber Restaurant). In the opinion of management the goodwill represents the value of the acquisition in excess of book value.

8. Bank Advances:

Bank advances are secured by a general assignment of book debts and a fixed and floating charge debenture payable on demand.

9. 7% Convertible Sinking Fund Debenture Series "A":

Pursuant to the Trust Deed dated May 2, 1969 the company covenanted to establish a Sinking Fund for the retirement of these Series "A" Debentures by payments of \$175,000 each year from 1974 to 1987 inclusive. The Debentures are dated June 1, 1969 and will mature June 1, 1989; they are secured by a first floating charge on all of the company's assets. Each \$1,000 Debenture is con-

vertible at the holder's option up to October 31, 1974 into 75 fully paid non-assessable common shares of no par value; subsequent to that date, until maturity, into 65 fully paid non-assessable common shares of no par value. Interest is payable half-yearly on June 1st and December 1st in each year.

10. Mortgages and agreements payable at an average rate of 7.69% mature between 1970 and 2001.

Principal payments due in the next five fiscal years are:

1971	. . . . .	\$ 1,785,892
1972	. . . . .	1,850,566
1973	. . . . .	1,892,592
1974	. . . . .	1,240,644
1975	. . . . .	1,131,979

11. Notes and debentures payable at an average interest rate of 7.94% mature between 1971 and 1984.

Principal payments due in the next five fiscal years are:

1971	. . . . .	\$ 362,000
1972	. . . . .	367,000
1973	. . . . .	372,000
1974	. . . . .	376,000
1975	. . . . .	331,722

12. Deferred Revenue:

Deferred revenue represents profit on sale of land to an unconsolidated subsidiary. Sale price was based on the current appraisal value of the land and profits will be recognized as the land is sold or developed.

13. Capital Stock:

The authorized capital is 3,500,000 common shares without nominal or par value to be issued for a maximum consideration not to exceed \$10,000,000.

The issued and fully paid common shares are as follows:

	Number of Shares	Value Received
Balance as at October 31, 1969	1,293,077	\$ 3,520,202
Shares issued in exchange for shares of Southern Petrochemical Corporation	26,711	133,556
Balance as at October 31, 1970	<u>1,319,788</u>	<u>\$ 3,653,758</u>

The company has granted options which expire January 15, 1974 to directors (10,000) and employees (17,000) of the company and subsidiaries to purchase shares at \$12.00 per share. 23,000 shares have been reserved for options which may be granted in the future.

14. Remunerations to Directors and Senior Officers:

Remuneration to Directors and Senior Officers amounted to \$146,000 for the year of which \$12,000 was paid by an unconsolidated subsidiary.

15. Commitments:

Construction commitments outstanding at October 31, 1970 amounted to approximately \$145,000 covered by mortgage funds committed but not yet received of \$653,000.

16. Contingent Liabilities:

The company is contingently liable as an endorser of customers' secured notes arising from retail sales in the automotive division for the sum of \$2,196,590.

**INTERIM
REPORT
TO
SHAREHOLDERS**

Six Months Ended
April 30, 1970

ALLARCO DEVELOPMENTS LTD.

618 NORTHGATE BUILDING
10049 JASPER AVENUE
EDMONTON, ALBERTA

PRESIDENT'S REPORT

We are pleased to present the unaudited Statement of Operations and Statement of Source and Application of Funds for the six month period ended April 30, 1970.

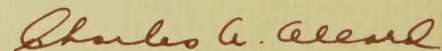
Sales increased from \$13,474,000 to \$16,170,000 and net earnings increased from \$222,978 to \$340,166. This shows an increase of 18% in the earnings per share, namely from 22.3¢ in 1969 to 26.3¢ for 1970. This is based on the average number of shares outstanding for each period.

Our overall business continued to expand in spite of the changes in the Canadian economy. Increased sales have taken place in all our divisions. The profits increased, particularly in the Hotel and Restaurant Division and in our Real Estate Division. Also our Aviation Division has contributed well to the improved results. Our Automotive Division expanded its sales, in spite of the reduction in sales in the industry as a whole but could not maintain last year's margin of profit.

During this period land was sold to an unconsolidated subsidiary but the profit arising out of this transaction has not been included in these statements.

We continue to view the future with great confidence as all our divisions have demonstrated the ability to withstand the changes in the economic climate. We feel that many of the difficulties have passed and that the next six months should be at least as good as the past.

Sincerely yours,



PRESIDENT.

June, 1970.

CONSOLIDATED STATEMENT OF OPERATIONS

For the Six Months Ended April 30, 1970

(with comparative figures for 1969)

	1970	1969
Sales	\$16,169,882	\$13,473,893
Cost of Sales and Expenses	14,671,573	12,552,940
	<u>1,498,309</u>	<u>920,953</u>
Expenses:		
Head Office Expenses	140,188	69,716
Debenture Interest	175,003	—
Depreciation	514,552	404,510
Deferred Income Taxes	366,758	220,978
Minority Interest	(38,358)	2,771
	<u>1,158,143</u>	<u>697,975</u>
Net Profit	\$ <u>340,166</u>	\$ <u>222,978</u>
Average Shares Outstanding	1,293,077	1,000,000
Earnings Per Share	<u>26.3¢</u>	<u>22.3¢</u>

CONSOLIDATED STATEMENT OF SOURCE AND USE OF FUNDS

FOR THE SIX MONTHS ENDED APRIL 30, 1970

Source of Funds:

Net Earnings	\$ 340,166
Add: Non-Cash Items	
Depreciation	514,552
Deferred Income Taxes	341,837
Minority Interest	(38,358)
Deferred Expenses	49,383
	<u>1,207,580</u>
Increase in Mortgages	6,741,131
	<u>7,948,711</u>

Use of Funds:

Land Acquired	412,232
Mineral Rights Acquired	30,310
Increase in Fixed Assets — Net	8,230,482
Construction Loans Paid	534,873
	<u>9,207,897</u>
Decrease in Funds	<u>\$ 1,259,186</u>

DIVISIONS

AR03

Real Estate:

- i Income Producing Properties
- ii Land for Development

Automotive:

- i Crosstown Motor City
- ii Devonian Motors
- iii Edmonton Car Rentals
- iv Edmonton Rent-A-Car
- v Medicar Diagnostic Clinic
- vi Chateau Mobile Homes

Restaurants and Hotels:

- i The Chateau Lacombe
- ii The Peter Pond Hotel
- iii The Edmonton Beachcomber
- iv The Calgary Beachcomber
- v The Victoria Beachcomber
- vi The Steak Loft and Old Bailey
- vii Oliver's Restaurant

Printing:

- i Metropolitan Printing Company

Insurance:

- i Columbia Insurance Services

Farm Division

SUBSIDIARY COMPANIES

International Jet Air Ltd.
Liftair International Ltd.
Abe's Auto Parts Ltd.
North West Trust Company
Radio Station CHQT Ltd.

AFFILIATED COMPANIES

Redden Construction Ltd.
Citation Construction Ltd.
Fort George Hotel Ltd.
Clarendon Construction Ltd.
Blunt's Nursing Homes (1965) Ltd.
Matrix Exploration Ltd.
Pine Point Investments Ltd.
Pine Point Shopping Centre Ltd.

JOINT VENTURES AND PARTNERSHIPS

Park Royal Towers—Vancouver, B.C.
Hamilton-Ancaster, Ontario